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PROJECT NO. 55999

**REPORTS OF THE ELECTRIC
RELIABILITY COUNCIL OF TEXAS**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

ERRATA TO ERCOT'S REPORT FOR THE FIRST QUARTER OF 2024

COMES NOW, Electric Reliability Council of Texas, Inc. (ERCOT) and respectfully informs the Public Utility Commission of Texas (Commission) of a correction to its Report for the First Quarter of 2024 pursuant to 16 Texas Administrative Code (TAC) § 25.362(i)(3). ERCOT submits this errata filing to include pages 2-11 of Attachment B, which were inadvertently excluded from the original filing. ERCOT is resubmitting the full public report for ease of reference.

Attachments marked with an asterisk (*) contain information which is proprietary and confidential and shall be provided in accordance with Commission policy. The following documents comprise this report:

16 TAC Section	Description	Attachments
§25.362(i)(3)(A)	Any internal audit reports that were produced during the reporting quarter.	
	Approved 2024 Audit Plan updated through Mar. 31, 2024	A1*
	Audit Cover Letter: Audit of Fraud Monitoring Activities and Ethics Compliance	A2
	Audit Report: Fraud Monitoring Activities and Ethics Compliance	A3*
	Audit Cover Letter: Corporate Communications	A4
	Audit Report: Corporate Communications	A5*
§§25.362(i)(3)(B) and 25.88	A report on performance measures, as prescribed by the commission.	See Project No. 56019-255
§25.362(i)(3)(C)	By account item as established in the fee-filing package prescribed by the commission under §22.252 of this title (relating to Procedures for Approval of ERCOT Fees and Rates) a report of: (i) ERCOT fees and other rates, funds allocated, funds encumbered, and funds expended;	B

	(ii) An explanation for expenditures deviating from the original funding allocation for the particular account item; (iii) For the report covering the fourth quarter of ERCOT's fiscal year, a detailed explanation of how unexpended funds will be expended in the subsequent year.	B1
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ERCOT apologizes for this error and is available to discuss the issue in further detail at the Commission's request.

Dated: August 28, 2024

Respectfully Submitted,

/s/ Katherine Gross

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ATTORNEYS FOR ELECTRIC
RELIABILITY COUNCIL OF TEXAS, INC.



TO: Chad Seely, Senior Vice President and General Counsel
 Sean Taylor, Senior Vice President, Chief Financial Officer and Chief Risk Officer
 Mara Spak, Vice President, Human Resources

FROM: Char Schneemann, Lead Internal Auditor, Internal Audit Department

DATE: January 17, 2024

SUBJECT: 2023 Annual Report on Fraud Monitoring Activities and Ethics Compliance

Attached is Internal Audit's Annual Report on Fraud Monitoring Activities and Ethics Compliance.

The report rating for this audit is as follows:

	Controlled
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Additional details regarding this engagement are contained in the attached audit report.

cc:
 Pablo Vegas
 Monica Barchenger
 Jeyant Tamby
 Betty Day
 Jonathan Levine
 Penny Rychetsky
 Chad Thompson
 Jimmy Ramirez
 Richard Scheel
 Leslie Wiley
 Diane Gwinn
 Dawn Herms
 Margaret Sachnik
 Gina Gillmore
 Jason Terrell
 Xiangxiang Ni
 Kristee Watts
 Shirley White
 Nicole Rossero
 Finance and Audit Committee
 Baker Tilly, LLP



TO: Mark Miner, Sr. Director, Corporate Communications

FROM: Barbara Kremer, Lead Internal Auditor – Internal Audit Department

DATE: March 21, 2024

SUBJECT: Audit of Corporate Communications

Attached is Internal Audit's final report from the Audit of Corporate Communications.

The report rating for this audit is as follows:

	<i>Controlled</i>
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Additional details regarding this engagement are contained in the attached report.

CC:

- Pablo Vegas
- Jeyant Tamby
- Chad Seely
- Robert Black
- Chad Thompson
- Penny Rychetsky
- Amy Lofton
- Christy Penders
- Trudi Webster
- Monica Barchenger
- Finance and Audit Committee
- Baker Tilly, LLP

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Electric Reliability Council of Texas, Inc. 2024 Financial Summary As of April 16, 2024 (\$ in Millions)										
Line	Year-to-Date (March 31)					Year-End (December 31)				
	2023 Actual	2024 Variance				2023 Actual	2024			
		Budget	Actual	\$	%		Budget	Forecast	\$	%
1 System Administration Revenue	\$ 52.6	\$ 66.2	\$ 64.0	\$ (2.2)	(3.3)	\$ 247.5	\$ 292.9	\$ 293.7	\$ 0.7	0.2
2 Department Net Expenditures										
3 Chief Information Office	31.5	32.4	30.5	2.0	6.0	110.4	129.3	126.7	2.6	2.0
4 Chief Operations Office	16.1	22.0	18.6	3.4	15.5	65.5	86.9	80.8	6.1	7.1
5 General Counsel	7.7	8.8	8.4	0.3	3.9	30.6	43.8	44.2	(0.5)	(1.1)
6 Chief Financial Office	5.7	7.1	5.5	1.6	22.8	22.7	28.5	22.7	5.9	20.6
7 Human Resources	1.6	2.7	1.7	1.0	36.9	7.4	12.6	11.6	0.9	7.4
8 Public Affairs	2.1	2.6	2.4	0.2	8.1	8.1	9.7	9.6	0.1	1.3
9 Chief Executive Office	2.2	2.7	3.0	(0.3)	(11.2)	5.2	5.6	5.8	(0.2)	(4.3)
10 Project Funded Labor	(3.1)	(4.8)	(4.2)	(0.6)	(12.6)	(14.9)	(19.3)	(18.0)	(1.3)	(6.6)
11 Total Department Net Expenditures	63.7	73.4	65.8	7.6	10.4	234.9	297.1	283.4	13.7	4.6
12 Net Revenues After Department Expenditures	(11.1)	(7.3)	(1.8)	5.4	74.5	12.6	(4.2)	10.2	14.4	345.8
13										
14 Less: Project Expenditures	5.6	14.8	7.1	7.7	52.0	38.4	59.1	58.9	0.2	0.3
15 Less: Interest Expense	0.3	0.4	0.3	0.1	26.8	1.2	1.4	1.3	0.1	10.3
16 Add: Interest Income	25.8	12.4	24.6	12.2	97.7	120.2	49.8	107.8	58.1	116.7
17										
18 Net Available	\$ 8.8	\$ (10.0)	\$ 15.4	\$ 25.3	254.6	\$ 93.2	\$ (14.9)	\$ 57.9	\$ 72.8	488.2
Note: Schedule may not foot due to rounding										

Electric Reliability Council of Texas, Inc.
Project Expenditures Summary
(\$ in Millions)

Line	Project	Year-to-Date As of March 31, 2024		Year-End (YE) As of April 16, 2024		Life-to-Date As of March 31, 2024		Estimate-at-Completion (EAC) As of April 16, 2024			
		Actual	% of YE Forecast	YE Forecast	% of All Included Projects	Actual	% of EAC Forecast	EAC Forecast	% of All Included Projects	Budget	Variance
1	RTC-B Grid & Markets	\$ 0.8	13%	\$ 6.0	10%	\$ 1.0	4%	\$ 24.8	13%	\$ 24.8	\$ 0.0
2	RTC-B Program Control	0.1	1%	6.1	10%	1.0	7%	13.9	7%	13.9	0.0
3	RTC-B Commercial Applications	0.3	17%	1.5	3%	0.5	8%	5.8	3%	5.8	0.0
4	RTC-B Integration & Information	0.1	9%	0.9	2%	0.1	2%	5.3	3%	5.3	0.0
5	Dispatchable Reliability Reserve Service (DRRS)	0.0	0%	0.0	0%	0.0	0%	1.3	1%	1.3	0.0
6	Subtotal - Market Design Projects	1.2	8%	14.5	25%	2.6	5%	51.2	26%	51.2	0.0
7	Data Center 5.0 (DC5) Program	1.0	17%	5.8	10%	55.5	92%	60.6	31%	60.7	0.1
8	Energy Management System (EMS) Upgrade 2024	(0.4)	60%	- 0.7	(1%)	17.1	102%	16.8	9%	16.8	0.0
9	Second iTest Environment	0.0	0%	9.7	16%	0.0	0%	10.7	5%	10.7	0.0
10	Market Management System (MMS) Outage Scheduler (OS) Red Hat Enterprise Linux (RHEL) Migration	1.0	75%	1.3	2%	4.3	93%	4.7	2%	4.6	(0.1)
11	Treasury Management Risk Mitigation	0.4	60%	0.6	1%	2.4	90%	2.7	1%	2.7	(0.0)
12	Texas Standard Electronic Transaction (Texas SET) 5.0	0.2	20%	0.9	2%	1.3	65%	2.0	1%	2.0	0.0
13	TEPCO BusinessWorks Upgrade	0.5	35%	1.5	2%	1.4	70%	2.0	1%	2.0	(0.0)
14	Total Projects with EAC Budget Over \$2.0M	3.8	11%	33.7	57%	84.6	56%	150.6	77%	150.6	(0.0)
15	Other Projects	3.3	13%	25.2	43%	16.3	37%	44.4	23%	44.2	(0.1)
16	Total Project Expenditures	\$ 7.1	12%	\$ 58.9	100%	\$ 100.9	52%	\$ 195.0	100%	\$ 194.8	\$ (0.2)

Note: Schedule may not foot due to rounding

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**Statements of Financial Position****As of March 31, 2024 and 2023**

(Dollars in Thousands)

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 491,975	\$ 1,652,172
Accounts receivable	3,143	3,316
Unbilled revenue	6,156	4,501
Interest receivable	19,780	11,821
Receivable from intercompany	413	158
Restricted cash and cash equivalents	1,363,441	1,306,275
Short-term investments	1,211,291	461,989
Prepaid expenses and other current assets	41,041	44,731
Total current assets	3,137,240	3,484,963
Long-term investments	616,733	14,579
Property and equipment, net	138,653	147,046
Systems under development	42,966	33,999
Other long term assets	845	846
Total assets	\$ 3,936,437	\$ 3,681,433
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 8,844	\$ 1,783
Accrued liabilities	25,831	21,945
Payable to intercompany	401	406
Deferred revenue	9,768	7,895
Market settlement liabilities	1,349,534	1,164,288
Security deposits	1,363,040	1,305,869
Debt payable, current portion	4,000	4,000
Total current liabilities	2,761,418	2,506,186
Long-term liabilities:		
Debt payable, less current portion:		
Principal	30,000	34,000
Less unamortized debt issuance costs	117	134
Debt payable less current portion and unamortized debt issuance costs	29,883	33,866
Long-term CRR liabilities	881,530	975,879
Other long-term liabilities	619	595
Total long-term liabilities	912,032	1,010,340
Total liabilities	3,673,450	3,516,526
Net assets without donor restrictions	262,987	164,907
Total liabilities and net assets	\$ 3,936,437	\$ 3,681,433

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**Statements of Activities and Net Assets****For the Three Months Ended March 31, 2024 and 2023**

(Dollars in Thousands)

	2024	2023
Operating revenues		
System administration fees	\$ 63,957	\$ 52,601
Other services revenue	4,636	3,485
Total operating revenues	68,593	56,086
Operating expenses		
Salaries and related benefits	49,861	43,247
Facility and equipment costs	2,308	2,370
Outside services	5,882	4,941
Hardware and software maintenance and licensing	10,153	9,838
Depreciation	9,504	8,120
Other	2,621	3,266
Total operating expenses	80,329	71,782
Loss from operations	(11,736)	(15,696)
Other income (expense)		
Investment return, net	24,591	25,785
Interest expense	(265)	(285)
Non-operating income	1	1
Change in net assets without donor restrictions	12,591	9,805
Net assets without donor restrictions, beginning of year	250,396	155,102
Net assets without donor restrictions, end of period	\$ 262,987	\$ 164,907

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**Statements of Cash Flows****For the Three Months Ended March 31, 2024 and 2023**

(Dollars in Thousands)

	2024	2023
Operating activities:		
Change in net assets without donor restrictions	\$ 12,591	\$ 9,805
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation/amortization of assets	9,504	8,120
Amortization of right-of-use assets	74	58
Amortization of debt issuance costs	4	4
Amortization of bond investment discount	(15,572)	(3,781)
Unrealized loss (gains) on bond investments	6,263	(2,259)
Changes in operating assets and liabilities:		
Accounts receivable	2,500	2,309
Unbilled revenue	1,375	698
Interest receivable	(2,914)	(295)
Receivable from intercompany	137	776
Prepaid expenses and other assets	760	(8,587)
Other long-term liabilities	(84)	(148)
Accounts payable	198	(6,130)
Accrued liabilities	(8,962)	2,356
Payable to intercompany	(321)	(382,341)
Deferred revenue	766	225
Security deposits	(164,891)	(92,692)
Market settlement liabilities	(56,154)	(339,382)
Long-term CRR liabilities	62,897	130,293
Net cash (used in) operating activities	(151,829)	(680,971)
Investing activities:		
Purchase of investments	(291,654)	(100,940)
Proceeds from investments	250,000	150,010
Capital expenditures for property and equipment and systems under development	(13,788)	(9,299)
Net cash (used in) provided by investing activities	(55,442)	39,771
Financing activities:		
Repayment of debt payable	(1,000)	(1,000)
Net cash (used in) financing activities	(1,000)	(1,000)
Net (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(208,271)	(642,200)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	2,063,687	3,600,647
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	\$ 1,855,416	\$ 2,958,447

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Financial Position
As of March 31, 2024
(Dollars in Thousands)

	Texas Electric Market Stabilization Funding M (TEMSEFM)		Texas Electric Market Stabilization Funding N (TEMSEFN)		Eliminations	Consolidated
	ERCOT					
Assets						
Current assets:						
Cash and cash equivalents	\$ 491,975	\$ 4,034	\$ -	\$ -	\$ -	\$ 496,009
Securitization charges receivable, current	-	9,811	43,908	-	-	53,719
Accounts receivable	3,143	-	-	-	-	3,143
Unbilled revenue	6,156	-	-	(277)	-	5,879
Interest receivable	19,780	124	152	-	-	20,056
Receivable from intercompany	413	-	401	(814)	-	-
Restricted cash and cash equivalents	1,363,441	24,847	40,057	-	-	1,428,345
Short-term investments	1,211,291	-	-	-	-	1,211,291
Prepaid expenses and other current assets	41,041	-	-	-	-	41,041
Total current assets	3,137,240	38,816	84,518	(1,091)	-	3,259,483
Long-term investments	616,733	-	-	(14,579)	-	602
Property and equipment, net	138,653	-	-	-	-	138,653
Systems under development	42,966	-	-	-	-	42,966
Securitization charges receivable, non current	-	380,049	1,995,481	-	-	2,375,530
Other long term assets	845	-	-	-	-	845
Total assets	\$ 3,936,437	\$ 418,865	\$ 2,079,999	\$ (15,670)	\$ -	\$ 6,419,631
Liabilities and Net Assets						
Current liabilities:						
Accounts payable	\$ 8,844	\$ 32	\$ 32	\$ -	\$ -	\$ 8,908
Accrued liabilities	25,831	2,770	19,160	-	-	47,761
Payable to intercompany	401	358	332	(1,091)	-	-
Deferred revenue	9,768	-	-	-	-	9,768
Market settlement liabilities	1,349,534	-	-	-	-	1,349,534
Security deposits	1,363,040	20,291	3,235	-	-	1,386,566
Debt payable, current portion	4,000	10,412	43,609	-	-	58,021
Total current liabilities	2,761,418	33,863	66,368	(1,091)	-	2,860,558
Long-term liabilities:						
Debt payable, less current portion:						
Principal	30,000	383,278	2,015,409	-	-	2,428,687
Less unamortized discount and debt issuance costs	117	2,276	12,357	-	-	14,750
Debt payable less current portion and unamortized discount and debt issuance costs	29,883	381,002	2,003,052	-	-	2,413,937
Long-term CRR liabilities	881,530	-	-	-	-	881,530
Other long-term liabilities	619	-	-	-	-	619
Total long-term liabilities	912,032	381,002	2,003,052	-	-	3,296,086
Total liabilities	3,673,450	414,865	2,069,420	(1,091)	-	6,156,644
Net assets without donor restrictions	262,987	4,000	10,579	(14,579)	-	262,987
Total liabilities and net assets	\$ 3,936,437	\$ 418,865	\$ 2,079,999	\$ (15,670)	\$ -	\$ 6,419,631

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities and Net Assets
For the Three Months Ended March 31, 2024
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
Operating revenues					
System administration fees	\$ 63,957	\$ -	\$ -	\$ -	\$ 63,957
Other services revenue	4,636	-	-	(414)	4,222
Securitization charges fees	-	2,966	25,095	-	28,061
Total operating revenues	68,593	2,966	25,095	(414)	96,240
Operating expenses					
Salaries and related benefits	49,861	-	-	-	49,861
Facility and equipment costs	2,308	-	-	-	2,308
Outside services	5,882	230	303	(414)	6,001
Hardware and software maintenance and licensing	10,153	-	-	-	10,153
Depreciation	9,504	-	-	-	9,504
Other	2,621	-	-	-	2,621
Total operating expenses	80,329	230	303	(414)	80,448
(Loss) income from operations	(11,736)	2,736	24,792	-	15,792
Other income (expense)					
Investment return, net	24,591	219	415	-	25,225
Interest expense	(265)	(2,955)	(25,207)	-	(28,427)
Non-operating income	1	-	-	-	1
Change in net assets without donor restrictions	12,591	-	-	-	12,591
Net assets without donor restrictions, beginning of year	250,396	4,000	10,579	(14,579)	250,396
Net assets without donor restrictions, end of period	\$ 262,987	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 262,987

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2024
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
Operating activities:					
Change in net assets without donor restrictions	\$ 12,591	\$ -	\$ -	\$ -	\$ 12,591
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	9,504	-	-	-	9,504
Amortization of right-of-use assets	74	-	-	-	74
Amortization of discount & debt issuance costs	4	20	187	-	211
Amortization of bond investment discount	(15,572)	-	-	-	(15,572)
Unrealized loss on bond investments	6,263	-	-	-	6,263
Changes in operating assets and liabilities:					
Securitization charges receivable	-	2,552	10,853	(321)	13,084
Accounts receivable	2,500	-	-	-	2,500
Unbilled revenue	1,375	-	-	(414)	961
Interest receivable	(2,914)	26	169	1	(2,718)
Receivable from intercompany	137	-	-	(137)	-
Prepaid expenses and other assets	760	-	-	-	760
Other long-term liabilities	(84)	-	-	-	(84)
Accounts payable	198	28	32	-	258
Accrued liabilities	(8,962)	(3,018)	(24,885)	-	(36,865)
Payable to intercompany	(321)	(177)	(436)	934	-
Deferred revenue	766	-	-	-	766
Security deposits	(164,891)	(277)	(97)	-	(165,265)
Market settlement liabilities	(56,154)	-	-	-	(56,154)
Long-term CRR liabilities	62,897	-	-	-	62,897
Net cash (used in) operating activities	(151,829)	(846)	(14,177)	63	(166,789)
Investing activities:					
Purchase of investments	(291,654)	-	-	-	(291,654)
Proceeds from investments	250,000	-	-	-	250,000
Capital expenditures for property and equipment and systems under development	(13,788)	-	-	-	(13,788)
Net cash (used in) investing activities	(55,442)	-	-	-	(55,442)
Financing activities:					
Repayment of debt payable	(1,000)	(5,092)	(21,150)	-	(27,242)
Repayment of debt issuance costs	-	-	-	(63)	(63)
Net cash (used in) financing activities	(1,000)	(5,092)	(21,150)	(63)	(27,305)
Net (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(208,271)	(5,938)	(35,327)	-	(249,536)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	2,063,687	34,819	75,384	-	2,173,890
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	\$ 1,855,416	\$ 28,881	\$ 40,057	\$ -	\$ 1,924,354

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Financial Position
As of March 31, 2023
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSFM)	Texas Electric Market Stabilization Funding N (TEMSFN)	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,652,172	\$ 4,028	\$ -	\$ -	\$ 1,656,200
Securitization charges receivable, current	-	9,072	42,160	-	51,232
Accounts receivable	3,316	-	-	-	3,316
Unbilled revenue	4,501	-	-	(276)	4,225
Interest receivable	11,821	112	128	-	12,061
Receivable from intercompany	158	4	402	(564)	-
Restricted cash and cash equivalents	1,306,275	26,165	40,162	-	1,372,602
Short-term investments	461,989	-	-	-	461,989
Prepaid expenses and other current assets	44,731	1	-	-	44,732
Total current assets	3,484,963	39,382	82,852	(840)	3,606,357
Long-term investments	14,579	-	-	(14,579)	-
Property and equipment, net	147,046	-	-	-	147,046
Systems under development	33,999	-	-	-	33,999
Securitization charges receivable, non current	-	389,948	2,038,611	-	2,428,559
Other long term assets	846	-	-	-	846
Total assets	\$ 3,681,433	\$ 429,330	\$ 2,121,463	\$ (15,419)	\$ 6,216,807
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 1,783	\$ -	\$ -	\$ -	\$ 1,783
Accrued liabilities	21,945	4,329	19,479	-	45,753
Payable to intercompany	406	128	306	(840)	-
Deferred revenue	7,895	-	-	-	7,895
Market settlement liabilities	1,164,288	-	-	-	1,164,288
Security deposits	1,305,869	19,088	3,310	-	1,328,267
Debt payable, current portion	4,000	10,110	41,874	-	55,984
Total current liabilities	2,506,186	33,655	64,969	(840)	2,603,970
Long-term liabilities:					
Debt payable, less current portion:					
Principal	34,000	393,690	2,059,019	-	2,486,709
Less unamortized discount and debt issuance costs	134	2,015	13,104	-	15,253
Debt payable less current portion and unamortized discount and debt issuance costs	33,866	391,675	2,045,915	-	2,471,456
Long-term CRR liabilities	975,879	-	-	-	975,879
Other long-term liabilities	595	-	-	-	595
Total long-term liabilities	1,010,340	391,675	2,045,915	-	3,447,930
Total liabilities	3,516,526	425,330	2,110,884	(840)	6,051,900
Net assets without donor restrictions	164,907	4,000	10,579	(14,579)	164,907
Total liabilities and net assets	\$ 3,681,433	\$ 429,330	\$ 2,121,463	\$ (15,419)	\$ 6,216,807

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities and Net Assets
For the Three Months Ended March 31, 2023
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSEFM)	Texas Electric Market Stabilization Funding N (TEMSEFN)	Eliminations	Consolidated
Operating revenues					
System administration fees	\$ 52,601	\$ -	\$ -	\$ -	\$ 52,601
Other services revenue	3,485	-	-	(414)	3,071
Securitization charges fees	-	4,044	25,568	-	29,612
Total operating revenues	56,086	4,044	25,568	(414)	85,284
Operating expenses					
Salaries and related benefits	43,247	-	-	-	43,247
Facility and equipment costs	2,370	-	-	-	2,370
Outside services	4,941	232	301	(414)	5,060
Hardware and software maintenance and licensing	9,838	-	-	-	9,838
Depreciation	8,120	-	-	-	8,120
Other	3,266	1	-	-	3,267
Total operating expenses	71,782	233	301	(414)	71,902
(Loss) income from operations	(15,696)	3,811	25,267	-	13,382
Other income (expense)					
Investment return, net	25,785	177	364	-	26,326
Interest expense	(285)	(3,988)	(25,631)	-	(29,904)
Non-operating income	1	-	-	-	1
Change in net assets without donor restrictions	9,805	-	-	-	9,805
Net assets without donor restrictions, beginning of year	155,102	4,000	10,579	(14,579)	155,102
Net assets without donor restrictions, end of period	\$ 164,907	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 164,907

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2023

(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M (TEMSTM)	Texas Electric Market Stabilization Funding N (TEMSTN)	Eliminations	Consolidated
Operating activities:					
Change in net assets without donor restrictions	\$ 9,805	\$ -	\$ -	\$ -	\$ 9,805
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	8,120	-	-	-	8,120
Amortization of right-of-use assets	58	-	-	-	58
Amortization of debt issuance costs	4	19	187	-	210
Amortization of bond investment discount	(3,781)	-	-	-	(3,781)
Unrealized gains on bond investments	(2,259)	-	-	-	(2,259)
Changes in operating assets and liabilities:					
Securitization charges receivable	-	3,278	8,942	401	12,621
Accounts receivable	2,309	-	-	-	2,309
Unbilled revenue	698	-	1,843	(732)	1,809
Interest receivable	(295)	64	240	-	9
Receivable from intercompany	776	382,289	454	(383,519)	-
Prepaid expenses and other assets	(8,587)	1	-	-	(8,586)
Other long-term liabilities	(148)	-	-	-	(148)
Accounts payable	(6,130)	(4)	-	-	(6,134)
Accrued liabilities	2,356	(7,560)	(36,407)	-	(41,611)
Payable to intercompany	(382,341)	(295)	(493)	383,129	-
Deferred revenue	225	-	-	-	225
Security deposits	(92,692)	523	271	-	(91,898)
Market settlement liabilities	(339,382)	-	-	-	(339,382)
Long-term CRR liabilities	130,293	-	-	-	130,293
Net cash (used in) provided by operating activities	(680,971)	378,315	(24,963)	(721)	(328,340)
Investing activities:					
Purchase of investments	(100,940)	-	-	-	(100,940)
Proceeds from investments	150,010	-	-	-	150,010
Capital expenditures for property and equipment and systems under development	(9,299)	-	-	-	(9,299)
Net cash provided by investing activities	39,771	-	-	-	39,771
Financing activities:					
Repayment of debt payable	(1,000)	(391,956)	(14,807)	-	(407,763)
Repayment of debt issuance costs	-	(213)	(508)	721	-
Net cash (used in) financing activities	(1,000)	(392,169)	(15,315)	721	(407,763)
Net (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(642,200)	(13,854)	(40,278)	-	(696,332)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	3,600,647	44,047	80,440	-	3,725,134
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	\$ 2,958,447	\$ 30,193	\$ 40,162	\$ -	\$ 3,028,802

Electric Reliability Council of Texas, Inc. 2024 Financial Summary Variance Explanations As of April 16, 2024			
Line	Year-to-Date (March 31)	Year-End (December 31)	
1 System Administration Revenue	-\$7.1 M - Weather \$1.9 M - Recoupy	\$0.7 M - Based on current actuals and load forecast for remainder of year	
3 Chief Information Office	\$0.3 M - WAN costs -\$0.3 M - HW/SW vendor support services [Resource Management - Project-Funded Work] \$0.4 M - Outside services/studies \$0.4 M - HW/SW support & maintenance renewals -\$0.1 M - Data service subscriptions -\$0.2 M - Contingent labor [Resource Management - Staffing Management] -\$0.1 M - WAN revenue -\$0.1 M - Other miscellaneous expenditures <u>Timing Differences</u> -\$0.2 M - Telecommunications -\$0.1 M - Minor capital \$0.1 M - HW/SW support & maintenance renewals \$0.1 M - Employee training & business travel -\$0.1 M - Contingent labor [Resource Management - Staffing Management] -\$0.2 M - Common infrastructure -\$0.1 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]	\$1.1 M - WAN costs -\$0.7 M - HW/SW vendor support services [Resource Management - Project-Funded Work] -\$0.7 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] \$0.4 M - Outside services/studies \$0.4 M - HW/SW support & maintenance renewals -\$0.2 M - Data service subscriptions -\$0.2 M - Contingent labor [Resource Management - Staffing Management] -\$1.1 M - WAN revenue -\$0.1 M - Minor capital -\$0.1 M - ERCOT Innovation Summit -\$0.2 M - Other miscellaneous expenditures	
4 Chief Operations Office	-\$2.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.2 M - Contingent labor [Resource Management - Staffing Management] -\$0.1 M - Outside services/studies <u>Timing Differences</u> \$0.8 M - Outside services/studies \$0.3 M - Employee training & business travel +\$0.1 M - Operator training seminar revenue -\$0.2 M - Inspection revenue -\$0.1 M - Interconnection revenue	\$7.1 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] \$1.1 M - Inspection revenue -\$0.3 M - Contingent labor [Resource Management - Staffing Management] -\$2.2 M - Outside services/studies -\$0.1 M - Data service subscriptions -\$0.1 M - Company dues	
5 General Counsel	-\$0.1 M - Building systems maintenance -\$0.1 M - Software -\$0.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] <u>Timing Differences</u> \$0.1 M - Employee training & business travel -\$0.1 M - Membership dues revenue -\$0.1 M - Outside legal services	-\$1.9 M - Building systems maintenance -\$0.2 M - Software -\$1.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.3 M - Outside services/studies	

Electric Reliability Council of Texas, Inc. 2024 Financial Summary Variance Explanations As of April 16, 2024		
Line	Year-to-Date (March 31)	Year-End (December 31)
6 Chief Financial Office	-\$1.1 M - Insurance premiums \$0.3 M - Property tax \$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - SPE M & N administration & servicing revenue -\$0.1 M - Outside services/studies	-\$4.6 M - Insurance premiums \$1.3 M - Property tax \$0.4 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.2 M - SPE M & N administration & servicing revenue -\$0.6 M - Outside services/studies
7 Human Resources	-\$0.1 M - Contingent labor [Resource Management - Staffing Management] \$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] \$0.1 M - Other miscellaneous expenditures <u>Timing Differences</u> \$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] \$0.1 M - Outside services/studies -\$0.1 M - Employee training & business travel -\$0.1 M - Recruiting & pre-employment costs \$0.1 M - Corporate events	-\$0.5 M - Contingent labor [Resource Management - Staffing Management] \$0.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] \$0.1 M - Other miscellaneous expenditures
8 Public Affairs	\$0.1 M - Registration fees revenue -\$0.1 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management] <u>Timing Differences</u> \$0.1 M - Outside services/studies -\$0.1 M - Other miscellaneous expenditures	\$0.1 M - Registration fees revenue \$0.1 M - Contingent labor [Resource Management - Staffing Management] -\$0.1 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]
9 Chief Executive Office	-\$0.4 M - Outside services/studies -\$0.1 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]	-\$0.4 M - Outside services/studies -\$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]
10 Project-Funded Labor	-\$0.6 M - Multiple projects [Resource Management - Project-Funded Work]	-\$1.3 M - Multiple projects [Resource Management - Project-Funded Work]
14 Project Expenditures	-\$0.2 M - All projects <u>Timing Differences</u> -\$7.5 M - All projects	-\$0.2 M - All projects
15 Interest Expense	-\$0.1 M - Capitalized interest	-\$0.1 M - Capitalized interest
16 Interest Income	-\$16.8 M - Interest rate -\$1.6 M - Investment balance <u>Timing Differences</u> -\$6.2 M - Fair value adjustment	-\$51.7 M - Interest rate -\$3.5 M - Investment balance \$2.9 M - Fair value adjustment